

AGRICULTURAL CREDITS - 1939

Negro Agricultural Leaders Visit Farm Credit Administration

Washington, D. C. Oct. 12, 1939
Group Addressed by Governor Hill and Other FCA Officials

Negro agricultural leaders from eleven southern states visited the Farm Credit Administration Wednesday, October 11. The group came as the guests of Cornelius King, Special Assistant to the Governor of that organization. They were accompanied by Mr. W. N. Elam, Agent for Special Groups, Vocational Education Division of the office of Education, Department of the Interior.

Governor F. F. Hill, Messrs. A. S. Goss, Land Bank Commissioner, and C. R. Arnold, Production Credit Commissioner, who addressed the group, were presented by Mr. E. B. Reid, Director of Information and Extension, who served as chairman of the meeting. Other Farm Credit Administration officials presented were Messrs. S. D. Sanders, Cooperative Bank Commissioner; A. C. Sullivan, Deputy Intermediate Credit Commissioner; and Milton Rygh, Assistant Director of the Credit Union Section.

Mr. Reid welcomed the agricultural leaders and discussed certain of the recent Farm Credit Administration publications which he thought would be of value to teachers of agriculture.

In addressing the group, Governor Hill emphasized among other things, the importance of education in the proper use of credit and in careful financial planning. He said that credit could be helpful if properly used, but quite dangerous if improperly used. He cautioned against the inclination to over borrow and advised the working out in advance of a repayment plan which could reasonably expect to be met in the normal course of farming.

Governor Hill described the Farm Credit Administration as a system under which the Government is trying to help farmers help themselves to establish a cooperative credit system to meet their individual needs. The Governor assured the agricultural leaders of the interest of the Farm

Credit Administration in their work and observed that vocational agriculture teachers have a 'real opportunity to assist in improving the business end of farming and placing it upon a much sounder basis.' He expressed appreciation of the efforts the vocational agriculture teachers are making in this field and suggested that "by working together in this direction we can 'go places.'"

Mr. A. S. Goss, Land Bank Commissioner in charge of the Federal Land Banks and the Commission-er's fund, in his talk to the group, explained that with the aid of Federal Land Bank and Land Bank Commissioner loans, farms can now be purchased with a down payment equal to 25 per cent of the value of the farm. He expressed that the thought that a prospective farm purchaser should always have "a stake to start with, a margin of safety to work on." "If the purchaser has no stake to start with, said Mr. Goss, "he should get it, work for it as a tenant or in some other way whereby he can accumulate the 25 per cent payment necessary for buying." He warned against the unwisdom of borrowing to make the down payment. The Commissioner emphasized the fact that it is the aim of the Farm Credit Administration to help farmers get out of debt, not to get them into it.

Mr. C. R. Arnold, Production Credit Commissioner, explained the functions of the production credit association branch offices established in the various agricultural counties for the convenience of those seeking short-term credit. He explained that the branch offices give the same service as headquarters offices and yet avoids all the expense that would be required in setting up another association. Mr. Arnold stated that from 20 to 25 per cent of the production credit association borrowers in the four states of the Columbia (South Carolina) District were colored; 19 to 20 per cent in the three states of the New Orleans (Louisiana) District, and 10 per cent in the whole state of Texas. He said that the losses on all production credit associations loans for the whole United States were less than one-half of 1 per cent.

The agricultural leaders visiting

the Farm Credit Administration were as follows:

Alva Tabor, Supervisor of agricultural education in Negro schools Fort Valley, Georgia.
S. B. Simmons, Supervisor of agricultural education, A. T. College Greensboro, N. C.
George McDonald, State Advisor NFA, Muskegee, Oklahoma.
J. R. Thomas, Assistant Teacher-Trainer, Vocational Agriculture Virginia State College.
W. A. Flowers, Teacher-Trainer, Agricultural Education, Alcorn, Mississippi.
Dallas B. Matthews, Asst. Teacher-Trainer, Agricultural Education Southern University, Scotlandville, Louisiana.
L. A. Marshall, Teacher-Trainer, Florida A. and M. College, Tallahassee, Florida.
A. Floyd, Teacher-Trainer, Tuskegee Institute, Tuskegee Institute, Alabama.
W. M. Buchanan, Dean, Agricultural Division, State A. and M. College, Orangeburg, South Carolina.
J. L. Seets, Principal Smith Hughes, Teacher, McKenzie, Tennessee.
J. J. Mark, Teacher-Trainer, Kentucky State College, Frankfort, Kentucky.

Iowa Also Recognizes Farm Tenant Problem

The widespread interest in farm tenancy during the last five years has been centered on the problem as it affects the cotton-growing states of the Southeast. However, the Midwest has a tenancy problem of serious proportions and there is not a great difference between the percentage of non-owners in that region and in the Southeast.

A committee on farm tenancy sponsored by the Iowa State Planning Board has recently prepared a remarkable report on the problem in that state. The study, which included public hearings in every county in Iowa, is one of the most thorough that has been made, and the recommendations made by the committee are the most comprehensive and far-reaching yet advocated.

In 1935, 50 per cent of the farmers in Iowa were tenants and 75 per cent of the total value of farms was in the hands of persons other than those who were actually farming. (In Alabama 65 per cent of the farmers are tenants.)

The basic cause for the increase of tenancy is the same in Iowa as in Alabama: The low income of the farm population, drastic fluctuations in the price of farm commodities, and the disparity between the cost of the things the farmer buys and the price he gets for what he produces.

As in Alabama, it was found that the agricultural credit system has been a major factor in the decrease in the number of independent farmers.

Among the recommendations included in the Iowa report were:

More adequate agricultural facilities. It was suggested that payments on agricultural loans should be more flexible since farm income is subject to drastic fluctuations. In other words, loans should be paid back on the basis of the farmer's income for any given year. It was pointed out that such factors as crop failures due to weather conditions and collapse of commodity prices were beyond the control of the farmer.

Federal assistance in promoting farm home ownership. Expansion of the Bankhead-Jones farm tenant purchase act was advocated, and safeguards were suggested which would prevent farms sold under the act from entering the speculative market.

Prevention by the state of land speculation and concentration of land holdings.

Abolition of deficiency judgments in farm land sales was also proposed, and in addition it was suggested that limitation be placed on the landlord's lien.

The adoption of rental practices which would give the tenant security and encourage the planting of cover crops and soil conservation practices. It was pointed out that under present conditions tenants are moving constantly—over 50 per cent remain on a farm less than two years—and it is not possible to plan a sound farm program under such circumstances. Improvement in leasing practices would aid both the landlord and the tenant. Protection should also be given to the tenant who improves property, and tenants who take the initiative in such improvements should not be penalized by having their rent increased. Arbitration was proposed as a means of settling differences arising between landlords and renters.

Education should emphasize an appreciation of rural life. In the past education has too often tended to emphasize the advantages of urban life, and the result has been to pull children away from the farm rather than demonstrating that rural life can be improved.

Promotion of better mutual understanding between city and farm people and the encouragement of farm cooperatives were also recommended.

Iowa is the second state to sponsor a study of the problem of tenancy, Arkansas having been the first. The findings in these two states and their experiences in attempting to improve the tenancy system should be followed closely by those interested in the subject in Alabama.

In Alabama, as in Iowa, the economic system has agriculture as its foundation. The entire state is dependent upon the economic and social well-being of the agricultural population. Alabama cannot expect to enjoy sound and enduring prosperity until its agricultural system is permanently rehabilitated. Industry, education and government all have responsibilities which must be met in the process.

Colored Farmers A-1 Risks

COLORED farmers in Georgia, Florida, North and South Carolina borrowed \$1,798,934 from productive credit associations under the supervision of the Farm Credit Administration, almost every penny of which has been paid back.

The losses on these loans were almost negligible, amounting to one-tenth of 1 per cent. A business record of

this kind has more than local significance. It lets the nation know that Negro men recognize their responsibility and are not disposed to ignore their financial obligations.

A record of this kind paves the way for colored men in the fields to borrow money from other Federal agencies to aid them in the development of their businesses.

The TRIBUNE is proud of the record of these farmers.

Losses On Loans Less Than Tenth Of One Per Cent, Records Show

WASHINGTON, D. C.—(AP)—Almost all of the 8,167 Negro farmers of Georgia, Florida, North and South Carolina who have borrowed \$1,798,934 through production credit associations under the supervision of the Farm Credit administration have repaid the loans, it was learned this week. The average loan amounted to \$220.27. Loans to Negro borrowers ranged from \$50 to \$5,000.

Losses on loans to colored farmers in the Columbia district since the organization of production credit associations to September 30, 1938, amounted to the almost negligible figure of one-tenth of one per cent. Cornelius King, special assistant to the governor of the Farm Credit Administration, states that directors and secretaries-treasurers of these organizations frequently comment on the fine record made by colored borrowers in repaying their loans.

Short-term loans were secured by these borrowers for the purpose of financing farm operations for the past year. Some typical purposes for which loans were made included purchase of seed, fertilizer, farm equipment, livestock, or the hiring of labor and for the repair, improvement and alteration of farm buildings.

King reports many interesting comments made by colored member-borrowers of the production credit associations. One farmer in Georgia proudly exhibited his receipt showing final payment on his loans and happily exclaimed, "I borrowed \$150 to finance my crop and the interest cost me only \$3.55." Another stated, "I saved \$37 on interest this year by borrowing through the production credit association." A borrower in Louisiana said, "I've been with the association since they first started, and they have always treated me just fine."

King urges Negro farmers to use credit facilities of production credit associations more extensively. He reports that approximately 6 per cent of the colored farmers in Georgia, Florida, North and South Carolina are securing their short-term production credit loans through these organizations. This is rather low, Mr. King states, when we realize that from 60 to 80 per cent of the farm families use some form of short-term credit each year.

Almost All of 8,167 Borrowers In Georgia, North-South Carolina Have Wiped Out Their Debts

King reports that applications for loans through production credit associations are considered purely on the merits of each individual case and not on a racial basis. He further reports that much information gathered by the late Dr. H. A. Hunt and the present Special Assistant to the governor, from member-borrowers, officials, appraisal reports, county extension agents and vocational teachers show evidence of fair dealing, regardless of race. The colored borrowers, like any others, are members of the association. They own stock and have a voice in the management and control of the unit. They also enjoy the low interest rate of 4 1-2 per cent on loans.

Loans are made to any eligible farmer who can qualify. Eligibility calls for ownership of livestock and farm equipment. In order to qualify, a farmer must be a good moral risk; his farming business must show evidence of being conducted in such a manner that under normal farming conditions it will pay back the loan plus interest and provide a living for the farm family; and above all, the applicant must be making progress toward the improvement of his financial condition.

Farmers desiring to secure loans should make application to the local production credit association. Representatives of this organization are located in the farmers' immediate community and will assist them in making application for loans. Information may also be secured from county extension agents, agricultural teachers, and members and directors of the organization.

Inquiries on further details of Farm Credit Administration services, particularly with respect to production credit associations, will be given prompt and considerate attention by Cornelius King, Special Assistant to the Governor, Farm Credit Administration, Washington, D. C.

FARM LIFE AIDES WARNED AGAINST OVER BORROWING

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